A

PT INDOFOOD INTERNA CORP & ORS

v.

FAR EAST FOOD INDUSTRIES SDN BHD & ORS

B

HIGH COURT MALAYA, KUALA LUMPUR
ABDUL WAHAB PATAIL J
[CIVIL NO: D4-22-1149-1993]
13 MARCH 2006

C ***CONTRACT:*** *Assignment - Deed of assignment - Recordal of assignment of 'Indomie' mark - Allegation of side letter as an agreement to pay USD 680,000 to second defendant - Defendants' assertion of side letter and agreement's existence - Whether borne out by direct evidence - Whether defendants failed to prove existence of agreement*

D ***CONTRACT:*** *Assignment - Deed of assignment - Recordal of assignment of 'Indomie' mark - Whether defendants have personal role in recordal - Retraction by defendants - Whether without first plaintiff's authority - Whether second defendant holds registration of the mark 'Indomie' under constructive trust*

E ***TRADE MARK:*** *Registered trade mark - Dispute - Ownership - 'Indomie' mark - Whether second defendant legal and beneficial owner - Whether second defendant holds registration of the mark 'Indomie' under constructive trust*

F

The plaintiffs' claim herein for the assignment of Trade Mark Nos. M/100816, S/32614 and SAR/27663 for the 'Indomie' mark (collectively referred to as 'the Indomie' mark) in Class 30 in Malaysia from the second defendant to the first plaintiff was based G on the following grounds: (i) that the second defendant agreed to assign the 'Indomie' mark to the first plaintiff for a consideration of USD10 as stated in the deed of assignment ('deed of assignment') and (ii) the second and third defendants ('the defendants') hold the 'Indomie' mark in Malaysia as constructive H trustees for the first plaintiff and were required to transfer the 'Indomie' mark to the first plaintiff as and when they were directed to do so. The defendants denied holding the 'Indomie' mark as constructive trustees for the first plaintiff and contended that the assignment above was contained in the deeds of I assignment, a side letter dated 25 July 1990 ('the side letter'), and the consideration for the assignment was USD680,000 as stated

in the side letter. The defendants further contended that the second defendant was at all material times the legal and beneficial owner of the 'Indomie' mark. The issue before this court was whether there was in fact a side letter as an agreement to pay USD680,000 to the second defendant.

Held (judgment for the plaintiffs):

(1) The finding of this court was that the assignments themselves were not disputed, but recordal of the assignments of the 'Indomie' mark had been withdrawn by the second defendant, who only well after the retraction of the recordal and after the commencement of this action sought to maintain there was a breach by the first plaintiff of an agreement incorporated in a purported side letter, to pay USD680,000 as consideration for the assignment to the first plaintiff of the mark 'Indomie' registered in the name of the second defendant. The defendants' assertion of the existence of that side letter and agreement therein was not borne out either by direct evidence or indirectly by inference from surrounding facts and circumstances. The defendants, therefore, failed to discharge the onus that was upon them to prove upon a balance of probabilities that there was an agreement between the first plaintiff and the second defendant to pay the latter USD680,00 as consideration. (para 40)

(2) At no point until this action was the reason of non-payment of USD680,000 given for refusal to proceed with the assignment. Upon the second defendant having executed the assignment, neither the second nor the third defendant had any further personal role in the recordal of the assignment except to act on behalf of the first plaintiff to engage solicitors to proceed with the recordal of the assignments. In instructing the retraction the defendants acted without authority of the first plaintiff. These conclusions supported the finding that at all times the second defendant held the registration of the mark 'Indomie' in its name under a constructive trust. (para 41)

Case(s) referred to:

Lim Yoke Kian & Anor v. Castle Development Sdn Bhd [2004] 4 CLJ 369 CA ***(refd)***

Sri Kelangkota-Rakan Engineering JV Sdn Bhd & Ors v. Arab-Malavsian Prima Realty Sdn Bhd & Ors [2001] 1 CLJ 779 CA ***(refd)***

Legislation referred to:
Evidence Act 1950, s. 114(g)
Rules of the High Court 1980, O. 15

Other source(s) referred to:
The Supreme Court Practice 1999, p 1183

For the plaintiffs - Tommy Thomas (KY Chew with him); M/s Wong & Partners
For the defendants - Michael Soo (BS Ong & LL Lee with him); M/s Shook Lin & Bok

Reported by Suhainah Wahiduddin

JUDGMENT

Abdul Wahab Patail J:

The Parties

[1] P.T. Indofood Interna Corp and P.T. Sanmaru Food Manufacturing Co. Ltd (the 1st and the 2nd plaintiffs) are companies incorporated in Indonesia and having their place of business in Jakarta, Indonesia. They commenced this action on 13 October 1993. It was asserted by the plaintiffs that by the time this action is brought under case management for trial, the 1st and the 2nd plaintiffs had been dissolved and liquidated as at 1 March 1994 and its assets have been transferred to P.T. Indofood Sukses Makmur Tbk ("Sukses Makmur" or "3rd plaintiff"). P.T. Indofood Sukses Makmur Tbk was incorporated under the laws of Indonesia as a limited company, changing its name to P.T. Indofood Sukses Makmur before it became a public listed company in 1994, and by a purported merger under the laws of Indonesia, all rights belonging to the 1st and 2nd plaintiffs, including the subject matter of this action were assigned and transferred to P.T. Indofood Sukses Makmur Tbk in 1994.

[2] On 22 October 2002, the plaintiffs' solicitors had filed an application on behalf of the 1st and 2nd plaintiffs and Sukses Makmur to substitute Sukses Makmur for the said 1st and 2nd plaintiffs on the ground that Sukses Makmur had taken over all the rights and liabilities of the 1st and 2nd plaintiffs pursuant to merger in Indonesia in 1994. The application was dismissed on 25 April 2005 on the ground that there was insufficient evidence put

before the court in that application to show that Sukses Makmur had taken over all the rights, obligations, assets and liabilities of the 1st and 2nd plaintiffs.

[3] After having failed in the application for substitution, Sukses Makmur filed an application on 26 June 2005 to be joined as plaintiff in this action. Pursuant to a court order on 20 July 2005 under O. 15 of the Rules of the High Court 1980, P.T. Indofood Sukses Makmur Tbk was joined in this action as the 3rd defendant. The joinder and *locus standi* of P.T. Indofood Sukses Makmur Tbk was challenged by the 2nd and 3rd defendants who have filed an appeal to the Court of Appeal registered as W-02-968-2005. The ground of objection was that it is not clear what rights, obligations, assets and liabilities of the 1st and 2nd plaintiffs have been transferred to the 3rd plaintiff under what the 2nd and 3rd defendants say is a "purported merger".

[4] The issues whether the corporate restructuring has been completed or not are merely side issues easily resolved or made irrelevant to the determination of this action on the merits of the alleged assignment which is the subject matter of this action, by the inclusion of P.T. Indofood Sukses Makmur Tbk as the 3rd plaintiff, rather than to replace the 1st and the 2nd plaintiffs, so that any decision applies to the plaintiffs jointly and severally, and completion of their merger remains a matter between the plaintiffs in Indonesia. That cannot be of any concern to the defendants in Malaysia and the disposal of this action since ultimately the sharing of the fruits, if any, of litigation in this action is a matter *inter se* between the plaintiffs.

[5] The addition of P.T. Indofood Sukses Makmur Tbk as the 3rd plaintiff involves no delay or additional cost. In the event the 1st and the 2nd plaintiffs are correct, they are entitled to the addition of the 3rd plaintiff. On the other hand, seeking to confine the plaintiffs to the 1st and 2nd plaintiffs may result in judgment obtained by the 1st and 2nd plaintiffs being attacked at execution stage by collateral proceedings that the 1st and 2nd plaintiffs no longer exist.

[6] Joinder of all three plaintiffs in this action is not a case of having the wrong parties, but instead is to ensure that all the parties are before the court. The only concern of the court is that trial proceedings do not become an exercise in futility. By ensuring that all relevant parties are put before the court, and any order

for or against the three plaintiffs are made upon them jointly and severally, this action can be dealt with and disposed of without duplicity or multiplicity of proceedings, and with finality.

[7] There being no order of stay of proceedings, the court proceeded to case management and trial. Attending to and disposal of this case in the trial court has been long delayed, and reflects no credit upon all concerned in the conduct of the case. An early disposal on merits would enable any appeal to catch up with the earlier appeal in the Court of Appeal, enabling the Court of Appeal to have the option of disposing of the case on merits. There is, therefore, no reason to postpone or adjourn disposal on merits in the trial court merely because there is outstanding an appeal on an interlocutory matter. Such an approach ensures no appeal is undertaken on interlocutory decisions of the trial court simply to obtain advantage from such appeals to delay disposal of an action on its merits by the trial court.

This Action

[8] By this action commenced in 1993, the plaintiffs seek the following orders:

(i) An order that the defendants take all necessary steps within 14 days of an order of this court to record the transfer of the trade mark "Indomie" in accordance with the terms of the deeds of assignment dated 26 September 1990 to the plaintiffs, failing which the senior assistant registrar of this Honourable Court be authorised to execute all relevant documents to effect the said transfer and the 1st and 3rd defendants do transfer all the trade marks presently registered in the 1st defendant's name to the 1st plaintiff within 14 days of an order of this court, failing which, the senior assistant registrar of this Honourable Court be authorised to execute all relevant documents to effect the said transfer;

(ii) An order that the defendants do forthwith deliver to the plaintiffs, its servants, agents all the products of the plaintiffs in its possession, control including but not limited to the products bearing the trade name Indomie, Top Mie, Pop Mie, Nutrimi-Yin Duo (in Chinese) and Indomie Mi Goreng;

(iii) An order that the defendants do forthwith deliver to the plaintiffs, its servants, agents all written material relating to all confidential or technical information and know how that it obtained from the plaintiffs;

(iv) An order that the defendants do forthwith deliver to the plaintiffs, its servants, agents all samples, pamphlets, advertising material, and other material, documents and papers whatsoever sent to the defendants by the plaintiffs and relating to the plaintiffs' business which the defendants, their agents may have in their possession or under its control including all separate books of accounts and records kept or maintained by the defendants;

(v) An order that the defendants be restrained from henceforth selling or in any way dealing with the products of the plaintiffs including but not limited to the products of the plaintiffs bearing the trade names of Indomie, Top Mie, Pop Mie, Nutrimi-Yin Duo (in Chinese) and Indomie Mi Goreng;

(vi) An order that the defendants be restrained from disclosing to any third party other than the plaintiffs any confidential and or technical information made available to the defendants by the plaintiffs or by any party at the plaintiffs' request or on the plaintiffs' direction;

(vii) An inquiry as to damages or at the plaintiffs' election at trial for an account of profits, and payment of all sums by the second and third defendants to the plaintiffs, found due upon taking such inquiry or account, together with interest thereon at 8% per annum from the date of filing of this suit to the date of realization, or at such rate and for such period as this court deems fit;

(viii) Costs; and

(ix) Such further or other orders as the court deems fit.

Prayer C and F were withdrawn by the plaintiffs.

[9] The plaintiffs' claim for the assignment of Trade Mark Nos. M/100816, S/32614 and SAR/27,663 for the "Indomie" mark (collectively referred to as "the "Indomie" mark) in Class 30 in Malaysia from the 2nd defendant to the 1st plaintiff. The plaintiffs' claim is based on the following grounds:

A (i) The 2nd defendant agreed to assign the "Indomie" mark to the 1st plaintiff for a consideration of 10.00 Dollars as stated in the deed of assignment dated 26 September 1990 ("the deed of assignment") (C1-C2); or alternatively

B (ii) The 2nd and 3rd defendants (collectively referred to as "the defendants") hold the "Indomie" mark in Malaysia as constructive trustees for the 1st plaintiff and are required to transfer the "Indomie" mark to the 1st plaintiff as and when they are directed to do so by the plaintiffs.

C **[10]** The defendants deny that they hold the "Indomie" mark as constructive trustees for the 1st plaintiff. The defendants contend that the assignment above is contained in the deeds of assignment, a side letter dated 25 July 1990 ("the side letter"), and the consideration for the assignment is USD680,000 as stated in the D side letter. The plaintiffs deny receiving the side letter and that the consideration for the assignment is USD680,000.

[11] The defendants contend that the 2nd defendant is at all material times the legal and beneficial owner of the "Indomie" E mark. By way of background, the defendants state as follows:

(i) The "Indomie" mark was coined and owned by Djajadi Djaja beneficially and personally in *inter alia*, Indonesia, Malaysia and Singapore (para I3 of DW1).

F (ii) Djajadi Djala transferred and assigned all his rights and interests in the "Indomie" mark in Malaysia to the 2nd defendant prior to 1983 (para 13 of DW1).

(iii) The 2nd defendant registered the "Indomie" mark in Malaysia G in 1983 (paras 13 and 14 of DW1).

(iv) The 2nd defendant started using the "Indomie" mark in respect of instant noodles since 1983 and had acquired reputation and goodwill in the "Indomie" mark in Malaysia in H respect of instant noodles by reason of extensive sale and promotion (para 16 of DW1).

The "Indomie" Mark

[12] The registration shows that it is registered in 1983 to the I 2nd defendant, Sanmaru Overseas Marketing Sdn Bhd. This has been extended in 1991. On the face of it, the title to the "Indomie" mark is owned in Malaysia by the 2nd defendant.

[13] The plaintiffs contended that they are the beneficial owners of the mark and that the defendants are constructive trustees. This appears consistent with the deed of assignment of 26 September 1990 appearing with a nominal sum of 10.00 Dollars as consideration.

[14] This is contradicted by the defendants in three prongs as follows:

(i) The statement of a nominal sum on an assignment is a common device upon the advice of tax advisers;

(ii) The parties had agreed to keep the actual consideration "private and confidential"; and

(iii) There was a side letter dated and forwarded on 25 July 1990 (the "side letter") wherein the consideration of USD680,000 was agreed.

[15] There is no evidence adduced of a common practice to state a nominal sum upon such assignments. Further, that it is for tax reasons together with the explanation of an agreement to keep actual consideration private and confidential, cannot for reasons of public policy, be accepted on their own as sufficient or probative evidence, since it would be encouragement of such practices to defraud the revenue. See *Lim Yoke Kian & Anor v. Castle Development Sdn Bhd* [2004] 4 CLJ 369 (CA). It is one thing to recognise that parties may in fact engage in such practices, but it is another for the courts to endorse it by accepting it as evidence of much probative value.

[16] Counsel for the defendants submitted:

> If this Honourable Court finds that the agreement to assign the "Indomie" mark for a consideration of USD680,000 defeats revenue laws, we respectfully submit that the entire agreement would be void and unenforceable under section 24(b) and section 24(e) of the Contracts Act 1950 read together with section 25 of the Contracts Act, 1950.

That argument is premature in that it presupposes that there is such agreement in a side letter. The issue before the court is whether there is in fact such a side letter containing such an agreement. It is the defendant who seeks to show there is such an agreement. A consideration that militates against a finding there is such an agreement is that such an agreement to defraud the

A revenue laws would be illegal. The role of the courts is to give effect to the agreement between the parties and would therefore seek to avoid giving an interpretation that would make an agreement illegal without clear evidence.

B **[17]** The defendants relied upon the existence of an agreement contained in the side letter, the second paragraph of which is purportedly as follows:

> I have discussed and persuaded the shareholders of SOM to agree to your proposal to buy over the Indomie trade mark and device for a total consideration of US$680,000.00 (United States Dollars Six Hundred and Eighty Thousand Only).

C

[18] It is not in issue that SOM is an acronym for the 2nd defendant. The copy exhibited carried the same date as the letter
D forwarding the assignment. If true, then the side letter and the assignment must be read together. Any oral agreement to pay USD680,000 for the assignment would be superceded by an assignment in writing stating a different consideration. There is however nothing to prevent parties from reducing an agreement
E into two separate but contemporaneous written agreements (see *Sri Kelangkota-Rakan Engineering JV Sdn Bhd & Ors v. Arab-Malavsian Prima Realty Sdn Bhd & Ors* [2001] 1 CLJ 779), or for that matter, by further agreement to amend an agreement in writing. The issue in this case is whether there is in fact a side
F letter as an agreement to pay USD680,000 to the 2nd defendant.

The USD680,000 Side Letter

[19] According to the defendants the side letter was sent together with the assignment. The plaintiffs say they never
G received it. Counsel for the defendants submitted:

> It is pertinent to note that the authenticity of the side letter was not challenged at the trial. The Plaintiffs had only denied receiving it.

H The plaintiffs appear to have only denied receiving the side letter. Upon consideration, a denial of receiving the letter only serves to explain why the plaintiffs had not disputed the existence of any such side letter containing an agreement earlier. Except for the testimony of Yeoh Jin Beng, the 3rd defendant, there was no
I other evidence tendered to prove that the side letter was in fact put into the same envelope as the assignment. Up to this point no finding can be made.

[20] However, there is the further fact that the assignment was forwarded under a covering letter of 25 July 1990. In this regard the 3rd defendant had as DW1 testified:

> The side letter was sent to the 1st Plaintiff together with the Deeds of Assignment with a covering letter dated 25.7.1990 (Page 370, Bundle C).

The covering letter under the letterhead of the 1st defendant dated 25 July 1990 and addressed to "P.T. Indofood Interna Corp" for attention of Mr. Hendy Rusli is as follows:

> Please find enclosed two Deed of Assignments for transfer of the above Trade Mark Registration in Class 30 in Malaya, Sabah & Sarawak and in Brunei together with two authorisation forms for your signature.
>
> Kindly attach the Common Seal on the Deed of Assignment and return all the documents for our further action
>
> Thank you and regards.
>
> Yours faithfully
>
> Far East Food Industries Sdn Bhd
>
> Sgd
>
> Yeoh Jin Beng
>
> General Manager

If such an important document as a side letter which is worth USD680,000 to the defendants compared to the assignment at USD10.00, is enclosed, one would expect the covering letter to refer or mention the side letter if enclosed. The reasons given for having two separate documents does not apply to a mere covering letter to forward such documents. Yet no mention of the side letter was made in the covering letter that purportedly forwarded it. Indeed the covering letter of 25 July 1990 is inconsistent with the testimony above of the 3rd defendant. Hence, the testimony of the 3rd defendant must be treated with some caution, including whether the purported side letter produced by the defendants is a copy of the side letter.

[21] With no other direct evidence of a side letter, the substratum of the defence disappears, with the result it must collapse, unless the defendants could lean for support on other, *albeit* indirect, evidence to prove such side letter existed.

A

Indirect Evidence Of Side Letter

[22] The question of assignment next re-emerged when on 26 August 1992 Hadi Wijaya from Indofoods wrote as follows:

B

> Please advise me asap the status of the "Indomie" Trademark M/100816 under "the name of Sanmaru Marketing Overseas which is suppose-to be transfer to P.T. Indofood Interna Corporation.
>
> Up to date we haven't received any documents confirming the transfer except for the Invoice of Shearn Delamore dated 23rd October 1990.

C

[23] The 3rd defendant responded by his letter dated 18 September 1992 as follows:

> Attn: Mr. Hadi Wijaya
>
> D
>
> Dear Sir,
>
> We refer to the trademark of Indomie in Malaysia and wish to inform that Sanmaru Overseas Marketing is still the registered owner of the said trademark for Malaysia and Brunei
>
> E
>
> I believe the High Court Injunction taken by Boustead in 1991 in view of the payment dispute which has now been resolved has prevented any transfer of the trademark.
>
> Thank you.

F

[24] The silence on the payment of USD680,000 for the assignment is inconsistent with there being a side letter to that effect. Even if the matter was held in abeyance because of an injunction by Boustead, one would ordinarily expect it to be raised when the injunction was lifted. The 3rd defendant's letter of 18 September 1992 to Hadi Wijaya does not contain any mention of the side letter. Nor is there any evidence that as a result of the letter from Hadi Wijaya, the 3rd defendant took the matter up with Hendy Rusli with whom the side letter was purportedly agreed.

G

H

[25] On 16 February 1993 Indofoods inquired directly from Messrs Shearn Delamore & Co. as to the assignment of the "Indomie" mark:

I

> Please advice us accordingly the status of the assignment of "Indomie & Device" trademark from Sanmaru Overseas Mkt Sdn Bhd which was supposed to be transfered to PT. Indofood Interna Corp as stipulated in your invoice No. A 70072 dated 23th October 1990.
>
> We request your direct explanation to us since we understood that all assignment documentation already been properly executed and submitted to you accordingly.
>
> Prompt reply will be very much appreciated.
>
> Yours truly
>
> Hadi Wijaya.

This prompted a reply from Messrs Shearn Delamore & Co on 24 March 1993 as follows:

> I refer to your letter of 15th February, 1993.
>
> Our records show that our instructing clients are Sanmaru Overseas Marketing Sdn. Bhd.
>
> In the light of the solicitor – client relationship we would advise that you communicate with them on this matter. Suffice it for us to say that our records show that the pending recordal of the Assignment has been retracted.

[26] It is clear that the recordal of the assignment was retracted upon the instructions of the 2nd defendant where the 3rd defendant is the General Manager. Now the defendants seek to persuade the court that the recordal of the assignments were retracted because the purported side letter had not been honoured. The defendants sought to explain away the non-mention of the side letter when responding to Hadi Wijaya. The defendants contended in submissions that the consideration of USD680,000 was discussed and agreed upon between the 3rd defendant and Mr Hendy Rusli representing the 1st plaintiff, and proceeded to say that "More importantly, it must be noted that the consideration of USD680,000 was a proposal from the 1st plaintiff".

[27] It is trite law that if there is an agreement, its validity and enforceability has nothing to do with who proposed it in the first place. But in seeking to say it was the 1st plaintiff and not the defendants who proposed the payment, the defendants' counsel's

submission did trigger the question that if it were true the proposal came not from the defendants, then did the proposal come from the 1st plaintiff or Hendy Rusli. There is, in the first place, no reason for the 1st plaintiff to offer to pay USD680,000 and seek to keep it private and confidential if it can obtain the assignments for a nominal sum.

[28] The defendants contended further that it is plain from the oral evidence adduced in court by the 3rd defendant that the 3rd defendant had several meetings with Mr. Hendy Rusli to discuss the amount of the consideration for the assignment of the "Indomie" mark in the early 1990s. The defendants contend that the sum of USD680,000 was not stated in any other correspondence as the 1st plaintiff and the 2nd defendant had agreed that this was a private and confidential matter between the parties. This is clearly stated by the 3rd defendant (DW1 in para. 22 at p. 6):

> The non-payment of the USD680,000 was not referred to in letters and other correspondence between the 2nd Defendant and the 1st Plaintiff because the 2nd Defendant and the 1st Plaintiff had earlier agreed that the actual consideration should not be disclosed in writing unnecessarily.

[29] Under cross-examination, the 3rd defendant (DW1 at p. 66, TNOP) had explained:

> Because both parties, Mr HR and myself representing our respective shareholders, want this matter to be private and confidential. That is the reason why there were no further letters written. We want it to be a private and confidential matter for reasons better known ... in *Sanmaru*'s case I have mentioned ... for reasons better known to them.

Mr. HR is Mr. Hendy Rusli. So it transpired in cross-examination that it was "both parties, Mr HR and myself representing our respective shareholders" who wanted the matter to be private and confidential. In his submissions counsel for the defendants explained it thus:

> The 3rd Defendant's evidence on the parties having agreed to keep the actual consideration of the assignment "private and confidential" is consistent with his evidence that there were other "confidential payments" being remitted to the 1st Defendant by the 1st and 2nd Plaintiffs and such payments were then remitted to the bank account maintained in the joint names of Mr. Hendy

Rusli and Mr. A.L. Umali, two senior management personnel of the 1st Plaintiff (paragraphs 31 and 32 01 DW1). Sample copies of documentary evidence of such remittances are at G1362-G1384 and G1403-G1408. The Plaintiffs did not challenge this evidence at all during cross-examination.

[30] That there were "confidential payments" remitted by the 1st and 2nd plaintiffs to the 1st defendant and then remitted to a bank account maintained in the joint names of Mr. Hendy Rusli and Mr. A.L. Umali, two senior management personnel of the 1st Plaintiff, hardly explains the need for keeping the side letter "private and confidential" if the USD680,000 is for a *bona fide* payment from the 1st plaintiff to the 2nd defendant company. If it were a *bona fide* payment to the 2nd defendant there is no valid reason to keep the payment under the side letter private and confidential.

[31] If the side letter is for the payment of USD680,000 to the 2nd defendant company and thence to be paid into the bank account maintained in the joint names of Mr. Hendy Rusli and Mr. A.L. Umali, that is in fact inconsistent with the defendants' case that there is a sum due of USD680,000 to the 2nd defendant, or for that matter to the 3rd defendant. It defeats the defendants' argument that the sum under the side letter is payment to the 2nd defendant as consideration for the assignment of the "Indomie" mark, and its defence must fail.

[32] The defendants' counsel's argument and the 3rd defendant's answer above that it was "for reasons best known to them" only support a finding that this purported agreement to pay USD680,000 is in fact payment to Mr. Hendy Rusli and Mr. A.L. Umali who want to keep the matter away from the knowledge of the 1st plaintiff. But that is not the issue before the court, nor does it support the claim by the defendants for payment of USD680,000 to the 2nd defendant before effecting the assignment. Neither have Mr. Hendy Rusli and Mr. A.L. Umali been brought before the court to be accused of taking out money from the 1st plaintiff through the 1st defendant, and now through the 2nd defendant for themselves, and no findings may properly be made against them without them having had an opportunity to speak and explain for themselves. This was not done clearly for the reason that if the USD680,000 were for Hendy Rusli or Hendy Rusli and A.L. Umali, that does not in any case support the defence for refusal to proceed with the assignment. It is noted that neither Hendy Rusli nor A.L. Umali had come to intervene if

they were interested in the USD680,000, nor is there any contention or evidence placed before the court that these two persons have sued the defendants for such payment.

[33] It was submitted by counsel for the defendants that the plaintiffs could and should have called Mr. Hendy Rusli as a witness at trial as the plaintiffs' serious allegation of the non-receipt of the side letter and denial of the consideration of USD680,000 was made by him. It was also submitted that no weight ought to be attached to Mr. Hendy Rusli's denial contained in para 6(a) of his affidavit affirmed on 9 November 1993 (C393).

[34] The notarised affidavit of Hendy Rusli was put before the court. Its authenticity was never challenged. He denied receiving the side letter. He said he believed it to be a concocted document. It is the defendants who would seek him to confirm there was a side letter containing such an agreement in order to establish its defence. He was not called as a witness by the plaintiffs as he had left the employment of the plaintiffs, resided in Jakarta and had said he was not available to come as a witness. Since he cannot be compelled to appear before this court, s. 114(g) of the Evidence Act 1950 should not be applied and therefore no inferences adverse to the defendants should be drawn either from his affidavit or the non-calling of Hendy Rusli by the defendants, and since the affidavit of Hendy Rusli has not been tested by cross-examination, the court exercises caution, by examining for corroboration by other evidence before accepting any part of it for either party. In this case, the findings of the court in relation to the existence or non-existence of the side letter have not relied upon the affidavit of Hendy Rusli at all.

[35] Indeed, since it is the defendants who contend that the consideration of USD680,000 was discussed and agreed upon between the 3rd defendant and Mr Hendy Rusli, the latter representing the 1st plaintiff, the onus is upon the defendants. Apart from the testimony of the 3rd defendant, there is no other evidence of discussion and agreement for a consideration of USD680,000 for the assignment or that any such proposal came from Mr Hendy Rusli or the 1st plaintiff for the benefit of the 2nd defendant. The covering letter said to be sent when the assignment and the side letter were forwarded did not support the defendants' version. Since the testimony of the 3rd defendant is contradicted by his own evidence, the occasion did not arise for the plaintiffs to have to call Hendy Rusli to deny any such alleged agreement in a purported side letter.

[36] The 3rd defendant resorted to the argument that "Although the 1st plaintiff claims to be the rightful owner of the "Indomie" mark in Malaysia, the 1st plaintiff did not request the 2nd defendant to transfer the "Indomie" trade mark to the 1st plaintiff from 1984 to 1990". This hardly supports the defence.

It is clear that the question of transfer of the mark never arose until the restructuring in Indonesia.

[37] Seeking to overcome the lack of evidence, the 3rd defendant say that a large number of files, records, accounts and documents belonging to the defendants were surrendered to the official receiver, and a large number of files, records, accounts and documents were taken away from the defendants on 24 May 1994 and 26 May 1994 by the plaintiffs' former solicitors pursuant to an order of court dated 12 May 1994. However, notwithstanding that the 3rd defendant and representatives of the 1st defendant had lodged police reports listing down files, records, accounts and documents that had been taken away, there is no assertion before this court which of these files, records, accounts and documents contain evidence of the purported side letter. In fact the defendants' explanation that the side letter was supposed to be private, confidential and therefore not disclosed leads to the conclusion that the files, records, accounts and documents are not likely to offer evidence. No adverse presumptions under s. 114 of the Evidence Act 1950 is warranted.

[38] Other surrounding facts and circumstances having a bearing on the argument there is no reason to assign the mark "Indomie" from the 2nd defendant to the 1st plaintiff without consideration except for a nominal 10.00 Dollars were also considered.

[39] The assignments were signed by the 3rd defendant as General Manager/Director of the 2nd defendant. On 19 August 1992 the 3rd defendant wrote to Indofood International Division as Regional General Manager-ASEAN under the letterhead of the 1st defendant. While there is nothing to prevent the owner of the shares of a company from being employed by the company, the designation general manager or regional general manager indicates that he is an employee of the 1st and 2nd defendants. Then there was constant communication with the 1st plaintiff for administrative matters, including his terms of employment. On the totality of the evidence before the court, the actions of the defendants show that they were conducted on the basis that the

A 1st and 2nd defendants were part of the Indofood group. For example the letter of 4 December 1989 to the 1st plaintiff seeking approval of the 1st plaintiff for fringe benefits for staff of the 1st defendant. Another clear example is the letter of 4 January 1990 from the 1st defendant signed by the 3rd defendant as General
B Manager to the 1st plaintiff:

> **Re: Outstanding Accounts Of $1.4 Million From Sanmaru Overseas Marketing Sdn Bhd**
>
> We refer to our discussion on the above, and having checked with
C our Company Secretary, to advise as follows:
>
> 1. There is no legal implication on the writing off of the $1.4 million due from SOfvl. However, we have to lodge a set of the Audited Accounts with the Registrar of Companies because the total company's loss has exceeded the paid-up
D capital.
>
> 2. On Income Tax, the amount can only be deducted (for tax purposes) if there is evidence that FEFI have taken action to recover the debts due from SQM ie, up to Judgement
E obtained.
>
> In view of the above, we propose:
>
> 1. To issue a lawyer letter to SQC'I, demanding payment, then follow up with Summons. We will cease legal action when
F we obtain Judgement on the above case.
>
> 2. We propose to write-off the account, rather than making axil the "adjustments" and/or "transfers"
>
> Kindly advise.

G It is a letter from 3rd defendant on the letterhead of the 1st defendant, requesting the 1st plaintiff to write off a debt of RM1.4 million due from the 2nd defendant to 1st defendant. There is no reason for the 1st plaintiff to be involved in a matter between the 1st and the 2nd defendants and approve such a request if the
H 2nd defendant is a separate entity and not part of the Indofood group of companies.

[40] To summarise, the finding of this court is that the assignments themselves are not disputed, but recordal of the
I assignments of the "Indomie" mark had been withdrawn by the 2nd defendant, who only well after the retraction of the recordal and after the commencement of this action seek to maintain there

was a breach by the 1st plaintiff of an agreement incorporated in a purported side letter, to pay USD680,000 as consideration for the assignment to the 1st plaintiff of the mark "Indomie" registered in the name of the 2nd defendant. The defendants' assertion of the existence of that side letter and agreement therein is not borne out either by direct evidence or indirectly by inference from surrounding facts and circumstances. The defendants, therefore, failed to discharge the onus that is upon them to prove upon a balance of probabilities that there is an agreement between the 1st plaintiff and the 2nd defendant to pay the latter USD680,000 as consideration. Since there is no evidence of any side letter containing an agreement to pay USD680,000 to the 2nd defendant there was no reason for the 2nd defendant to direct Shearn Delamore & Co not to proceed with the recordal of the assignment which had been executed and submitted for recordal to their solicitors by the 2nd defendant.

[41] It is clear that the issue of payment of USD680,000 before recordal of assignment never arose when the 2nd defendant engaged Shearn Delamore & Co to effect the assignment. It is equally clear that it was the 3rd defendant himself who had represented that the recordal could not be effected because of an injunction by Boustead. That was on 18 September 1992. Since the injunction had been lifted there was no longer any impediment to recordal of the assignment of the mark "Indomie". At no point until this action was the reason of non-payment of USD680,000 given for refusal to proceed with the assignment. Indeed upon the 2nd defendant having executed the assignment, neither the 2nd nor the 3rd defendant had any further personal role in the recordal of the assignment except to act on behalf of the 1st plaintiff to engage solicitors to proceed with the recordal of the assignments. In instructing the retraction the defendants acted without authority of the 1st plaintiff. These conclusions support the finding that at all times the 2nd defendant held the registration of the mark "Indomie" in its name under a constructive trust.

[42] The defendants stated that the plaintiffs are guilty of prolonged, inordinate and inexcusable delay in not filing summons for directions and/or setting this action down for trial. There was a delay of almost nine years before the plaintiffs took steps to set the action down for trial. Pleadings were deemed closed on 8 December 1993. Although there were numerous other interlocutory applications that were still pending, the defendants submitted as follows:

A We state that none of the interlocutory applications that were pending as at 8.1.1994 had prevented the Plaintiffs from filing a Summons for Directions or setting the action down for trial.

[43] Indeed the summons for directions would have served little purpose since the action could not be brought to trial until the interlocutory applications were disposed off, including applications to strike out certain portions of the affidavit of the 3rd defendant and to strike out the defence. Having objected on the grounds of non action of the plaintiffs, counsel submitted for the defendants that:

Further, the Plaintiffs' contention that "pleadings were not settled" is also inconsistent with their subsequent conduct in filing the Notice To Attend Pre-Trial Case Management on 9.7.2002 while the appeal referred to above was only withdrawn nearly 10 months later on 5.5.2003.

[44] The court finds no merit in these submissions of the defendants on these procedural issues and holds that in the particular circumstances of this case, the defence of delay and laches is not sustainable since while the delay is prolonged, it is in all the circumstances not inordinate or inexcusable, and the plaintiffs are not entirely to blame.

[45] While a defendant is entitled to defend itself, in this case every possible objection and issue appear to be raised when the merits involve only the question of the nature of the assignment which was executed, delivered, submitted to solicitors for recordal of the assignment and subsequently retracted by the 2nd defendant. The matter was pursued, action was filed and has been before the court.

[46] On the issue of costs, it was submitted for the defendants that the plaintiffs have not given any good reasons why this is a proper case to issue a certificate for two counsels. The Supreme Court Practice 1999 at p. 1183 have set out the factors to be taken into consideration:

(a) The nature of the case;

(b) The importance of the client;

(c) The amount of damages likely to be recovered;

(d) The general importance of the case;

(e) Particular requirements of the case for example the need for special expertise;

(f) Other reasons why an experienced and senior advocate may be required.

Those factors are not exhaustive and para. (f) sought to incorporate all other reasons why an experienced and senior advocate may be required. When it came to the issue of costs, it was submitted for the defendants that the instant case does not involve complex issues of law and fact and continued:

> In fact, the Plaintiffs' counsel had stated during case management and during trial that there is only one main issue, namely, what is the consideration for the transfer of the "Indomie" trade mark. In addition, the witness statement of the Plaintiffs' main witness, PW1, only addressed this issue. This is reinforced by the fact that the Issues prepared by the Plaintiffs upon completion of trial focuses only on the issue whether the consideration for the assignment was RM10.00 or USD 680,000.00 and nothing else. There were only 3 witnesses who gave evidence over a period of 2 days.

[47] This is correct. But had the defendants similarly sought more senior and experienced counsels, this case would have been able to proceed to the issues on merits far more expeditiously and economically. The full record of proceedings in the trial file would show that the defence was not conducted with a view to obtaining a fair and just decision in an expeditious and economical manner, but sought to raise issues at every turn and stage. The plaintiffs' counsel had to thread a very fine line between keeping the case focused on its issue of merits yet at the same time to answer each and every argument raised on every possible issue. Indeed, the court had to act firmly in case management to bring this case to trial, and in the trial to bring it to a close. This court finds that this case warrant the award of costs for two lawyers.

[48] The court would, therefore, enter judgment for the plaintiffs in terms of prayer A, B, D, E and G.